

A Guide for Health Care Contribution Reporting



www.labor.vermont.gov

General Information

All C-101 reports for and subsequent to the 2nd quarter of 2007 must include a Health Care Contribution for all "uncovered" (as defined within) employees. This pamphlet is designed to assist you with this reporting.

A Health Care Contribution Worksheet (HC-1) form will be mailed to you with the Quarterly Wage and Contribution C-101 Report. A sample copy of the HC-1 form has been included in this pamphlet for your reference. Also enclosed is a Declaration of Coverage (HC-2) form. Please note specific situations when this form must be completed by your employees. You may make or obtain additional copies of the HC-3 form from the website below.

Outside of the information contained within, there is also a wealth of additional information presented on the web to include:

- Frequently Asked Questions
- Covered/Uncovered Tree
- On-Line Health Care FTE Calculator
- Reporting Examples
- Power Point Presentation on Health Care Reporting
- Administrative Rules
- And more . . .

All of the above information can be obtained on our website at: http://labor.vermont.gov

You may also contact your local Unemployment Insurance Field Representative at any of the locations listed below or call our Employer Services Unit for additional assistance.

回	Montpelier Area	802-828-1147
回	Morrisville Area	802-888-2542
回	White River / Barre Area	802-828-4200
回	Rutland / Woodstock Area	802-786-8806
回	Burlington / Middlebury Area	802-652-0328
回	St. Albans / Burlington Area	802-951-5147
回	Burlington Area	802-652-0328
回	Bennington Area	802-447-2867
回	Springfield / Brattleboro Area	802-885-1411
回	Newport Area	802-334-3303
回	Employer Services Unit	802-828-4344

Questions about potential eligibility for all State Health plans and/or premium assistance for Catamount Health and Employer-Sponsored insurance plans can be answered by calling the Agency of Human Services at 1-800-250-8427.

Vermont Department of Labor (VDOL) Information for Completing Health Care Contribution Worksheet (Form HC-1)

Every quarter the Vermont Department of Labor will issue a Health Care Contribution Worksheet (Form HC-1). The HC-1 form, or the information it would contain, must be retained in your records for three years.

Definitions:

Employee: Any individual, 18 years of age or older for all of a calendar quarter, employed full-time or part-time by an employer to perform services in this state, when such services fall under the definition of employment as defined by section 1301(6) of Title 21 of the Vermont Statutes Annotated, in other words, generally the same employees you report on the upper portion of the Wage and Contribution C101 report. Hours worked by employees whose "wages" are specifically exempted from UI reporting are also excluded from health care reporting. Examples of exempted wages include but are not limited to: governmental or municipal elected officials; volunteer emergency personnel; and sole proprietors.

Employer: Any person who is required under subchapter 4 of chapter 151 of Title 32 of the Vermont Statutes Annotated to withhold income taxes from payments of income with respect to services, but shall not include the United States government.

Full-time equivalent (FTE): The number of "uncovered" employees expressed as the number of employee hours worked in Vermont during a calendar quarter divided by 520. No more than one FTE (520 hours) may be assessed against an individual employee, regardless of the actual number of hours worked by that employee during a calendar quarter.

- a) For the purpose of calculating FTEs, the phrase "hours worked during a calendar quarter" means hours worked during all pay periods in that quarter for which gross wages were reported as paid, **up to 520 hours**, **per employee**, **per quarter**.
- b) An FTE shall not include any employee hours attributable to a "seasonal" or "part-time" employee, as defined below.

Uncovered Employee:

- a) An employee of an employer who does not offer to pay any part of the cost of health care coverage* for its employees. (*Coverage must include hospital and physician services.)
- b) An employee who is not eligible for the health care coverage offered by the employer; or
- c) An employee who is offered and is eligible for coverage by the employer, but elects not to accept the coverage and has no other health care coverage under either a private or public plan; or
- d) A "seasonal" or "part-time" employee who has VHAP, Medicaid, or no coverage, or has worked 21 weeks or more (in the case of a seasonal employee), or has worked 30 or more hours per week in the reporting quarter (in the case of a part-time employee); or
- e) When no declaration of coverage form is on file from: 1) an employee who declines the employer's offer of health care coverage, or 2) from an employee who meets the "seasonal" or "part-time" definition.

Seasonal employee: An employee who: 1) works for an employer who offers to pay a portion of a health care plan to **ALL** of its full-time employees; and, 2) works 20 or fewer weeks, in a job scheduled to last 20 weeks or less in a calendar **year**; and 3) has health care coverage from a source other than VHAP or Medicaid. When an employee is hired for a specific period of time, which is scheduled to last 20 weeks or less, they will remain a "seasonal" employee for health care reporting purposes for the entire calendar year, <u>unless</u> the employee becomes eligible to enroll in the plan the employer offers/pays a portion of.

Part-time employee: An employee who: 1) works for an employer who offers to pay a portion of a health care plan to **ALL** of its full-time employees; and, 2) is generally scheduled to work less than 30 hours per week, with less than 390 hours worked during the calendar **quarter**; and, 3) has health care coverage from a source other than VHAP or Medicaid. **NOTE:** An employee who is scheduled to work full-time, but actually works less than 390 hours in the calendar quarter, can NOT be classified "part-time".

Health Care Coverage: For purposes of HC Contribution reporting, health care coverage includes Catamount Health plans, Medicare, Medicaid, the Vermont Health Access Plan (VHAP), or a private or employer-sponsored insurance plan that includes both hospital and physician services. In the case of a "seasonal" and "part-time" employee, who is not eligible for the employer's plan, health care coverage **EXCLUDES** VHAP and Medicaid.

Important Reporting Details:

- **NOTHING** has changed with the reporting of information related to Unemployment Insurance. Reporting data on the upper portion of the Quarterly Wage and Contribution C-101 remains the same. The information contained within **ONLY** relates to determining data ultimately reported on Quarterly Wage and Contribution C-101 Report, Lines 16 and 17.
- All hours worked by employees of an employer who does NOT offer a health care plan, of which the employer pays a "portion" of, are considered "uncovered", REGARDLESS if employees have coverage from another source. The "portion" the employer must pay is not defined.
- Reporting is based on "uncovered" employees, who were 18 for the entire quarter, whose gross wages were reported on the upper portion of the C-101 report during the reporting quarter.
- Employers who DO offer a health care plan, of which they pay a portion of, will determine potential "uncovered" status upon completion of our Declaration of Coverage (HC-2) form by all employees who are not enrolled in the employer's plan. Giving cash bonuses to employees to purchase their own coverage is not considered offering a plan.
- Declaration of Coverage forms only need to be completed by employees of an employer who offers to pay a
 portion of a health care plan, when such employee is 1) eligible for and has opted out of the plan, or 2) is a
 "seasonal" or "part-time" employee not eligible for the employer's plan. If the employer does NOT offer to pay a
 portion of a qualifying health care plan, Declaration of Coverage forms are NOT needed, as ALL hours worked
 by ALL employees are considered "uncovered" regardless if the employee has coverage elsewhere.
- The employer must use the Vermont Department of Labor's Declaration of Coverage form, which must be renewed annually. The Declaration of Coverage form must be retained by the employer for 3 years in support of health care reporting.
- If your employee count is equal to or less than the exempted number of FTEs, you must report "zero" on C-101 lines 16 and 17. Leaving these lines blank is considered an incomplete report and could be subject to a penalty.
- Hours worked by "uncovered" employees should be accumulated throughout the quarter, capping total hours at 520, for EACH employee, PER quarter.
- Employees, who are enrolled in the health care plan their employer offers to pay a portion of, would be EXCLUDED from the FTE calculations during the reporting quarter.
- An employee who is "eligible" <u>AND</u> "enrolled" in a health care plan, but is not actually covered until a subsequent quarter, shall be considered to have health care coverage, <u>provided</u> such intervening period is not longer than six months. This situation is <u>NOT</u> a customary probationary period as, generally speaking, employees in a probationary period are neither eligible nor able to enroll in a health care plan. As such, employees in a probationary period would be considered "uncovered", unless they obtain health care coverage before the end of the reporting quarter.
- If an employee has health care coverage at any point during the reporting quarter, the employee is excluded from the FTE calculations for the ENTIRE quarter.
- All hours worked during the reporting quarter by "seasonal" employees, who work their 21st week and beyond, will be included in the "uncovered" FTE calculation during the quarter the 21st week was worked and for each quarter thereafter during the calendar year.

• All hours worked by a "part-time" employee, who works more than an average of 30 hours a week in the reporting quarter, will be included in the "uncovered" FTE calculation, for the affected quarter.

FTE exemptions and Health Care Contribution Premium amounts are indicated on the HC-1 form mailed with C-101 report for the reporting quarter.

HEALTH CARE DECISION TREE

QUESTION: Do you offer to pay a portion of a Health Care plan to some of your employees?

IF NO (SECTION I)

All employees are considered "uncovered" and ALL hours worked MUST BE included in FTE calculation.

STOP

IF YES (SECTION II)

Consider each individual employee:

Is Employee eligible to enroll?

IF YES

Does the employee choose to participate in the plan?

IF YES

Employee is considered covered; hours are **excluded** from FTE calculation.

STOP

IF NO

Have employee complete VDOL Declaration of Coverage, Form HC-2.

Did employee indicate coverage from another source?

IF YES

Employee is considered covered; hours are excluded from FTE calculation.

STOP

IF NO

Employee is considered uncovered and ALL hours are included in FTE calculation.

STOP

IF NO

Can the employee be classified as "seasonal" or "part-time" as defined in worksheet instructions?

IF YES

Have employee complete VDOL Declaration of Coverage, Form HC-2.

Did employee check box "I do not have coverage or I have coverage through VHAP or Medicaid?"

IF YES

Employee is considered uncovered and ALL hours are **included** in FTE calculation.

STOP

IF NO

Did Employee work more than the allowable time/hours allowable to be classified "seasonal" or "part-time"?

IF NO

Employee is considered covered; hours are **excluded** from FTE calculation.

STOP

IF YES

Employee is considered uncovered and ALL hours are **included** in FTE calculation.

IF NO

Employee is considered uncovered and ALL hours are included in FTE calculation.

STOP

Completion of Health Care Contribution Worksheet – Form HC-1 (Retain completed worksheet in your records for 3 years)

Data for reporting on C-101 lines 16 and 17 will be determined by completion of the Form HC-1. If there is no Health Care FTE or Contributions due, zeros must be reported on C-101 lines 16 and 17.

Section I: Employers who do not offer to pay a portion of a health care plan for ANY of its employees will use this section for reporting. Enter the total number of hours worked by ALL employees on line 1 in Section I and then proceed to "Calculations".

Section II: Employers who offer to pay a portion of a health care plan to some or all of its employees will use this section for reporting.

Line 1 of Section II is used for reporting the number of hours worked by all employees, who **were offered** and **are eligible** for coverage, but elect not to accept the coverage and have indicated on the Declaration of Coverage form that they have no other health care coverage.

Line 2 of Section II is used for reporting the number of hours worked by all employees who are **NOT** eligible (excluding "seasonal" or "part-time" health care classified employees) for the health care coverage offered, regardless if they have coverage elsewhere. Ineligible situations could include, but are not limited to: health care not available due to pre-existing health condition or employee is in probationary period. You should also report on this line the total number of hours worked by all "seasonal" or "part-time" employees who: 1) do not have health care; or, 2) have VHAP or Medicaid; or, 3) have worked over the hours/time period allowable to be classified as a "seasonal" or "part-time" employee.

Calculations:

Line A: Enter the grand total of hours worked by all "uncovered" employees indicated in Section I or II. If grand total is a partial hour, round down to the nearest hour.

Line B: To determine the **unadjusted** FTE count, divide Line A total by 520. Again, if total is a partial number, round down to the nearest whole number.

Line C: To determine the **adjusted and reportable** FTE count, subtract the number of *exempted employees from Line B. If results are equal to or below zero, you MUST report zero on Line C and Line 16 of the Quarterly Wage and Contribution C-101 Report.

Line D: To determine the amount of Health Care Contribution, multiply the **adjusted** FTE count indicated on Line C by **the amount indicated on the HC-1 form** mailed with the Quarterly Wage & Contribution C-101 report for the reporting quarter. If result is zero, you MUST report zero on Line D and Line 17 of the Quarterly Wage and Contribution C-101 Report.

*FTE exemptions and Health Care Contribution Premium amounts are indicated on the HC-1 form mailed with the C-101 report for the reporting quarter.

Vermont Department of Labor

HEALTH CARE CONTRIBUTION WORKSHEET for

(Empi	oyer	#)	

(Quarter/Year)

Do not return this form to the department. You must retain it for your records for THREE YEARS.

Beginning April 1, 2007, employers must gather information to determine if a Health Care Contribution will be due for the reporting quarter. Quarterly Health Care contributions are calculated by determining the "Full Time Equivalent" (FTEs) worked by "uncovered" employees during the reporting quarter. The following worksheet will help you determine what amount, if any, is owed. Complete instructions and further information about this worksheet are provided in form HC-3, which is available on our website at www.labor.vermont.gov or by calling Employer Services at 802-828-4344.

Uncovered Vermont Employee Count:

Section I

If you do **NOT** offer to pay a portion of a Health Care planning em, nes:

Total # of hours worked

LL uncovered employees

Hours in the reporting
quarter shall NOT exceed
520 for EACH employee.

• Enter the total number of hours worked by mplc you emplyed during the reporting quarter on this line and roce. "Cal 'ions' section of this form.

Section I, Line 1

Section II

If you **DO** offer to pay a portion of lealth Ca. an lome or all employees:

- Enter the total number of hour led by all employees who were offered and are eligible for coverage, but elert necept the coverage and have no other health care corrected.
- Enter the total number of health care correrage offered by you. You should also report on this line the total number of hours which all "seasonal" or "part-time" employees who: 1) do not have health care; or, 2) have VHAP or Medicaid; or, 3) have worked over the hours/time period allowable to be classified as a "seasonal" or "part-time" employee.

Section II, Line 1

Section II, Line 2

Quarter Ending Dates:	# of FTEs Exempted	
6/30/07 - 6/30/08	6	Use these Exemptions for Line C calculations below.

Calculations:

A. Enter the grand total of hours worked by all "uncovered" employees indicated above on Line A. (If grand total is a partial hour, round down to the nearest hour.)

Line A

B. Divide Line A by 520 and enter results on Line B. This is your **unadjusted** FTE count. (If necessary, round down to the nearest whole number.)

Line B

C. Subtract the number of exempted FTEs (see above) from Line B and enter results on Line C. This is your **adjusted** and reportable FTE count. (If less than or equal to zero, you must report zero on C-101 Line 16.)

Line C

D. Multiply Line C by appropriate amount shown in box below and enter results on Line D. This is your quarterly HealthCare Contribution. (Report this amount, even if zero, on C-101 Line 17.)

Line D

Quarter Ending Dates:	HCC Premium	HCC Premium per above FTE Exemption			
6/30/07 - 12/31/09 3/31/10 - 12/31/10	•	Use these amounts for Line D calculations above.			
3/31/11 - 12/31/11	\$113.03	Line D calculations above.			
3/31/12 - and subsequent					
Do not return this form to the	e department. You m	ust retain it in your records for THREE YEARS.			

VERMONT DEPARTMENT OF LABOR

TO ENSURE PROPER CREDIT TO YOUR ACCOUNT, DEPARTMENT COPY MUST BE RETURNED WITH PAYMENT. FOR INSTRUCTIONS, SEE PAGE 2 AND 3.

Attn: Employer Services P.O. Box 488 Montpelier, VT 05601-0488

	AND ADDRESS OF YOUR BUSINESS BELOW. BOX IF THIS IS A NEW MAILING ADDRESS.	Department	EMPLOYER NUMBE	IK .
TELAGE GILOR TITO	THIS IS A NEW MAILING ABBRESS.	Сору	EMPLOYER NAME	
		PLEASE	Q-YR	
		DO NOT	QUARTER ENDING	i
		SEND	DUE DATE	
		PHOTOCOPY		
		J		
	YEE WAGE DATA FOR THIS QUARTER (Please type or print e			
1. SOCIAL SECURITY NUMBER	2. EMPLOYEE'S NAME (Last, First, Middle Initial)	3. TOTAL GROSS WAGES PAID THIS QUARTER	4. H/S 5. HOURLY RATE	6. GENDER M - F
7. PAGE 1 of PAG	TOTAL WAGES THIS PAGE	-	C-101 (6/	07)

IF NO ENTRY REQUIRED, ENTER ZEROES.

EMPLOYER NUMBER:	TER ENDING:				DUE DATE:		
EMPLOYMENT INFORMATION	1st Month To	otal	2nd Month Total		3rd Month Total	3rd month FEMALE only	
For each month during this quarter, report the number of cover worked or received pay for the payroll period that includes the							
Status of Business - check all that apply No longer have	e employees in VT	Discontinued	d business	in VT	Ownership or name as shown above has changed		
UI Tax Contribution	ons					Health Care	Contributions
10. Total Gross Wages Paid to all Subject Employees This Qtr.					16.	Adjusted Uncovered FTE: (Line C from Worksheet)	
11. Portion of Quarterly Wages from Line 10 IN EXCESS of Year Limit Per Employee			Depar		17.	Total HC Contributions Due: (Line D from Worksheet)	
12. Taxable Wages - Subtract Line 11 from Line 10			tment			Total Amounts Due Vermont	Department of Labor (VDOL)
13. Contribution Tax Due (Line 12) Times Your Rate of %			Use			Add Lines 15 and 17 together and enter total:	
14. Credit Adjustment (Subject to Change, see instructions)			Only			Submit payment paya	
15. TOTAL SUTA Tax Due - Line 13 Minus Line 14; if amount is negative, enter 0						NATURE AND TITLE ust be owner, principal officer or	authorized representative)
CERTIFICATION: I certify I have compiled this report with the requirements of 21 VSA Section 687 relating to securing workers' compensation coverage							
for my employees and the information contained in this report and attachments are correct to the best of my knowledge.				Tel	ephone Number	Date	